

France Faces Big Task Re-establishing Finances

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two and three-quarters for the United States. Since that time deflation has produced a fall of wholesale prices of 45 per cent, as in England and the United States. The depression of trade in France has been nearly as great as that in England and the United States. Unemployment has been less because labor is scarce owing to deaths in the war and to army drafts.

We may say that, in general, the depression of trade and unemployment is greater or smaller according as the fall of prices is rapid or slow.

In view of this tremendous truth France cannot afford to bring the franc back to the old value. To do so would mean not only a further fall of prices, very rapid at first, drawn out, and still further by the depression of employment, but it would also mean multiplying the national internal debt, already heavy (240 million paper francs, now worth 19 billion gold dollars, or \$500 per capita) by two and a half. That is, it would add nearly 30 billion dollars to the French national debt, which is already the double German indemnity as fixed by the London agreement. Not only that, but it would hang a millstone on the neck of every French business man heavier than in any previous period of human history.

The appreciation of the franc to par, spread over ten years, would amount to only 10 per cent, and the burden of which would be equivalent to adding that 10 per cent to the rate of interest which the business man pays for his loans. I was therefore astonished to hear a high official in the Bank of France solemnly assure me that he expected the old franc to be restored within, at the longest, ten years.

Such restoration would be madness, unless the way was made easy through depreciating gold itself. "Synthetic gold" might do it. It is an ill wind that blows nobody good. A French economist official said to me that he had noticed in the papers my reference to the alleged mad chemist who had discovered a way to manufacture gold in the laboratory, and added: "That illustrates very well your point that all money standards, even gold, are now uncertain, but I assume that you did not mean to express any assurance that the discovery will prove effective."

To this I replied: "You are entirely right, but I do regard it as a serious possibility."

"Well," he said, "do you realize what country would suffer most if gold were ever manufactured commercially?"

"What country do you think?"

Hold Gold Here

"America! You in America hold the largest amount of gold on which to lose and you would be tied to the gold standard while it was sinking. As for France, while we might lose some of the value of the reparations payment we might be helped to meet the required gold standard without having to go through the agony of further deflation instead of France deflating her paper. America would be inducing her gold field might be accommodating enough to sink to the level of our present paper standard and top there!"

I have as yet little to add to my London statement on the rumors of synthetic gold. A newspaper report from Germany purports to quote the German Minister of Finance as follows: "I hope to learn more. Except for some such extraordinary event which would be calamitous for gold standard countries, I do not think France will ever again see her present paper franc, now worth 8 cents, restored to par with the old gold franc—20 cents, or two and a half times as much."

The paper value of France is three and a third times as high as the pre-war price level, as against America's one and a half times. That is, the French level since 1913 has been a quarter times as much as did the American level, which is close to the two and a half times by which the French exchange on America has altered. The fact is that the sovereign, bank, bank, crown, valuations have gone down in America chiefly because of its gold down at home.

Although France is far off the original gold standard, she holds her gold tight. The peasants have their little bags of unknown amount and the old men of France have big bags of 500,000,000 francs or \$100,000,000.

Like England, France does not, of course, reflect her paper money. But, unlike England, she acknowledges the fact, suspension of gold redemption being specifically authorized by law.

One Practical Way

Therefore, so far as I can see, barring a great fall in gold itself, only one practical way in which France can get back to the gold standard, namely, by giving up the war reparations. There are several other ways conceivable, however, one of which would be to buy in all paper francs at their market value, substituting a new redeemable franc for, say, two and a half old ones, just as Russia, so it is reported, has recently arranged to give new paper rubles for liquidating the existing rubles, in order to secure the existing rubles and so cross off four troublesome ciphers. By such a method and a law providing for payment of old debts on the basis of the old francs, the old franc could be restored without producing the bankruptcy of the French government and of the French business world of course.

But either of the two courses mentioned and any other really practicable course would require an explicit acknowledgement of permanent repudiation, and as yet pride and prejudice forbid any such acknowledgment. As it is, the original dollar of gold in the vaults of the Bank of France are as useless as though they were in Davy Jones's locker. It is a reserve in name only, for it does not function as a reserve. The bank can not or will not part with any of it, nor can it add to it without buying at a premium and so entering a loss on its books.

The less practicable way of utilizing this dead loss would evidently be to buy goods or pay debts abroad, but it would enable her to pay about a third of her debt in England or to the United States. She could buy it back later when France has made her final decision as to what her future money unit should be. Such a course would at least save the interest in the mean time and the mean time may be a generation. In other words, it would be equivalent to a loan without interest.

But there is apparently no more chance of such a utilization of this dead loss than there is of the United States sending its old stock of silver. And so, probably for years, perhaps for a century, this imprisoned gold will await release.

Keeping Money Stable

Meanwhile, it would not be surprising if France should keep her money more stable in purchasing power than the money of gold countries, simply by a control of the issue. Germany, as I understand, has an English economist who points out that before big reparations can be paid down, there must be a League agreement. For fourteen months from February, 1920, to May, 1921, Germany had a far stabler price level than England or the United States and consequently far less un-

Robinson Leaves Model Tenement Co. to Go It Himself

**President of City and Suburban Homes Co. Re-enters
Realty Field; White Firm
Has Three More Experts**

employment. That is, German paper, for a time, was stabler than the dollar or the sovereign. In England, very few people take the trouble to understand the monetary situation. Few know that gold is at a premium; still fewer that there has been any inflation. A well educated innkeeper at Chateau Thierry gave all sorts of little reasons, chiefly local, for high prices, except the one, and when I myself mentioned inflation said, "Yes, sir, we remember news, but we heard of that as one of the causes," as though inflation was too slight and too illusive to make a strong impression. So far as foreign exchange is thought of at all, it is supposed to be a cause of high prices in France, not an effect.

In short, most of the French people, like most people everywhere, are "economists" and are suffering the consequences. They need moral guidance and education by men like Farnhamer, of the Ministry of Finance, who has a very clear view of the situation, and with whom I had the good fortune to have two conferences.

So we economists call in the classroom, the "money-fallacy" and the "gold-fallacy" are threatening to deprive France of any benefit from the German indemnity when it is paid. The average Frenchman clamors for payment in money but clamors against German "competition" in goods or labor. When Germany offers to rebuild in the devastated area with German labor, French labor protests, thinking their interests would be equivalent to adding that 10 per cent to the rate of interest which the business man pays for his loans. I was therefore astonished to hear a high official in the Bank of France solemnly assure me that he expected the old franc to be restored within, at the longest, ten years.

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ence to the alleged mad chemist who had discovered a way to manufacture gold in the laboratory, and added: "That illustrates very well your point that all money standards, even gold, are now uncertain, but I assume that you did not mean to express any assurance that the discovery will prove effective."

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ment munition housing development. In this capacity he had to operate thirty-three different developments from the Atlantic to the Gulf Coast, including towns ranging in population from a few hundred to as many as 25,000 people.

Jere Reid Goes With Brown Co.
Jere J. Reid, formerly associated with the Metropolitan Life Insurance Company, is now in charge of the insurance department of the J. Romaine Brown Company.

Three Men Join White Organization
Guy T. Murray, manager for many years of the renting department of the Loton H. Shawson Company; C. Alfred Capen, formerly president of the Capen Realty Company; and Joseph T. Jenkins have joined the staff of William A. White & Sons.

Aldan Robinson, who has been president of the City and Suburban Homes Company since 1915, has resigned to specialize in real estate management, and has joined the New York Real Estate Annex. He has been in the business 10 years prior to joining the City and Suburban Homes Company. Mr. Robinson was president of the Allied Real Estate Interests of the State of New York, and published "The Real Estate Magazine." The last annual report of the City and Suburban Homes Company showed that the company was paying 4½ per cent on its stock and earnings sufficient to warrant a 5 per cent dividend.

In 1918 Mr. Robinson went to Washington to take charge of the government munition housing development. In this capacity he had to operate thirty-three different developments from the Atlantic to the Gulf Coast, including towns ranging in population from a few hundred to as many as 25,000 people.

Alfred Robinson, who has been president of the City and Suburban Homes Company since 1915, has resigned to specialize in real estate management, and has joined the New York Real Estate Annex.

The Rieser Company, manufacturer of Venus hair nets, with offices at 100 Fifth Avenue, leased 42,000 square feet in the Flatbush Industrial Building on the block bounded by Thirteenth, Fourteenth Avenue and Thirty-sixth and Thirty-seventh Streets, Brooklyn. Together with its Fifth Avenue offices of 10,000 square feet, the Rieser company now occupies 52,

000 square feet in which to carry on its business. The Penbrook Company negotiated the Brooklyn deal.

**St. Nicholas Ave. Corner
To Be Improved With Stores**

Albert D. Phillips and H. J. Rogers have agreed for Ely Maran to John J. Lynch, represented by Charles Siegel Levy, the plot of nearly four lots at the southeast corner of St. Nicholas Avenue and 186th Street, fronting 107 feet on the Avenue and 75 feet on the street. The new owner is having plans prepared for a two-story store building.

14-Story Times Annex Building to Cost \$865,000

The fourteen-story annex "The New York Times" is to erect at 231 to 239 West Forty-third Street, 100x100.5, to cost \$865,000, according to plans filed yesterday by Ludlow & Peabody, the architects.

Waterfront Estate Leased

Baker Carroll, Inc., leased to Charles J. Oppenheim the water front estate known as Clarendon, at Great Neck, L. I. This property was purchased some years back by Clara Lee March, comprises four acres, having over 200 feet front on the Sound.

500 Square Feet in Which to Carry on Its Business

The Penbrook Company negotiated the Brooklyn deal.

Real Estate Opportunities Briefly Told

REAL ESTATE—SALE OR RENT Manhattan

REAL ESTATE—SALE OR RENT Westchester

REAL ESTATE WANTED

REAL ESTATE TO LET—FURNISHED Manhattan

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Manhattan

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Westchester

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Bronx

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Long Island

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED New Jersey

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Bayside

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Bronx

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Rockville Centre

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Englewood

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Pleasantville

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Riverside

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Nutley

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Tuxedo

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Mamaroneck

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED White Plains

REAL ESTATE WANTED

REAL ESTATE TO LET—UNFURNISHED Bronxville

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